OOCKET FILE COPY ORIGINAL

RECEIVED

DEC 5 - 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the matter of)	
Policy and Rules Concerning the)	
Interstate, Interexchange Marketplace)	CC Docket No. 96-61
)	
Implementation of Section 254(g) of the)	
Communications Act of 1934, as amended)	

PETITION FOR FURTHER RECONSIDERATION BY TELECOMMUNICATIONS RESEARCH AND ACTION CENTER AND CONSUMER ACTION AND CONSUMER FEDERATION OF AMERICA

Emmitt Carlton Counsel TELECOMMUNICATIONS RESEARCH AND ACTION CENTER P.O. Box 27279 Washington, DC 20005 (202) 408-1132

Andrew Jay Schwartzman
Of Counsel
CONSUMER ACTION
CONSUMER FEDERATION OF AMERICA
1707 L Street, NW
Washington, DC 20036
(202) 232-4300

100 m m m 100 DHI

TABLE OF CONTENTS

Sum	mary .	
I.	INFO	COMMISSION'S DECISION TO ELIMINATE THE DRMATION DISCLOSURE REQUIREMENT IS NOT HE PUBLIC INTEREST
	A.	New Information Not Previously Available To The Commission Or Petitioner Establishes That Rates and Terms of Service Will Not Be Available To Consumers Or Consumer Groups
	B.	The Commission's Decision Fails To Recognize An Inconsistency With Efforts To Deter Slamming
II.	ALT	COMMISSION'S FAILURE TO CONSIDER PROPOSED ERNATIVES TO ELIMINATION OF THE INFORMATION CLOSURE REQUIREMENT IS ARBITRARY AND CAPRICIOUS6
	CON	ICLUSION

SUMMARY

The Commission's reversal of its decision to require public disclosure of rates (including terms and conditions of service) for mass market interstate long distance service is irrational, not supported by the record and without basis in fact or law. It flies in the face of the "common sense" approach to regulation that the Commission's new Chairman has indicated would and should be one of the touchstones of Commission policy. Petitioners strongly urge the Commission to retain a strong public information disclosure requirement to help ensure that consumers can navigate an increasingly complicated and confusing marketplace.

This petition for further reconsideration should be granted for the following reasons:

- It presents new information not previously available to the Commission or
 Petitioners with respect to the availability of rates and terms of services to
 consumers in a deregulated market that shows the necessity of a public disclosure
 requirement.
- 2. It points out a contradiction in Commission policy not recognized by the Commission or previously considered in that its actions to detariff without providing for any means of sufficient public disclosure will exacerbate the already difficult and evolving problem of slamming.
- It points out that the Commission arbitrarily and capriciously failed to consider the various practical solutions to provide public disclosure offered by Petitioners.

1

Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the matter of)	
Policy and Rules Concerning the Interstate, Interexchange Marketplace)	CC Docket No. 96-61
Implementation of Section 254(g) of the Communications Act of 1934, as amended))	

PETITION FOR FURTHER RECONSIDERATION BY TELECOMMUNICATIONS RESEARCH AND ACTION CENTER AND CONSUMER ACTION AND CONSUMER FEDERATION OF AMERICA

Pursuant to Section 1.429 of the Rules of the Commission, 47 C.F.R §1.429, the Telecommunications Research and Action Center ("TRAC")¹, Consumer Action², and the Consumer Federation of America ("CFA")³ (collectively referred to herein as "Petitioners") hereby submit this Petition for Further Reconsideration ("Petition") of the

¹ TRAC is a tax-exempt consumer education and advocacy organization based in Washington, D.C. It has represented its members and the public on many telecommunications policy issues, but its primary goal in recent years has been to promote the interests of residential and small business telecommunications consumers. For the last ten years, TRAC has published Tele-Tips™, a periodic newsletter that provides comprehensive consumer information and rate comparisons on interstate long distance telephone service. A copy of the most recent edition is Exhibit 1.

² Consumer Action is a San Francisco-based consumer education and advocacy organization that represents the interests of consumers, especially those who have low incomes and/or limited English-speaking skills. In recent years, it has devoted much of its resources to telecommunications issues at the state and federal level. It publishes and distributes long distance price surveys based on data obtained from interexchange carriers' tariffs.

³ CFA is the nation's largest consumer advocacy group, composed of over two hundred and forty state and local affiliates representing consumer, senior citizen, low-income, labor, farm, public power and cooperative organizations, with more than fifty million individual members.

Commission's Order on Reconsideration released in the above-captioned proceeding on August 20, 1997 ("Reconsideration Order"). Petitioners seek limited reconsideration of the Commission's *sua sponte* decision to eliminate the public information disclosure requirements for domestic, interstate and interexchange mass market services.

Petitioners filed a response (Attachment A) on January 15, 1997, in support of petitioner MCI Telecommunication Corporation's *Motion for Stay* of the Commission's *Second Report and Order*, 61 FR 59340 (November 22, 1996). The motion for stay, which presented vital information concerning the importance of public availability of customer price information, was granted by the U.S. Court of Appeals for the District of Columbia Circuit because of the likelihood of success on the merits.

- I. THE COMMISSION'S DECISION TO ELIMINATE THE INFORMATION DISCLOSURE REQUIREMENT IS NOT IN THE PUBLIC INTEREST
 - A. New Information Not Previously Available To The Commission Or Petitioner Establishes That Rates and Terms of Service Will Not Be Available To Consumers Or Consumer Groups.

Attached to this petition is an Affidavit from TRAC Staff Associate Geoff
Mordock (Attachment B) attesting to experiences and facts that were not known or
readily available to TRAC or the Commission prior to its decision on reconsideration.⁴
The Affidavit illustrates that it has become extremely difficult even for groups like
TRAC, Consumer Action and other nonprofits which have the ability to help consumers

⁴ The events described in the Affidavit took place after the Commision's sudden reversal of course in its reconsideration decision. The Affidavit should be admitted purusant to Section 1.429 (b) of the Rules of the Commission.

understand the carriers' rates, to obtain sufficient information regarding pricing, terms and conditions to enable consumers to make informed choices between carriers, without reference to an independent source of reliable and current information. As indicated in the Affidavit even employees of the carriers were confused and uninformed about their own rates and services. This was true both of employees whose job it was to provide this information to the public, and for professionals employed by the carriers and specifically directed to assist TRAC in developing the information for the chart. In summary, the Affidavit is strong evidence that it will not be possible for consumers to gain access to meaningful and correct pricing and terms of service information in a competitive market place without regulatory intervention.

What this presents is in a perverse way what can be considered a "worst case scenario." In situations where carriers themselves are cooperating with a consumer group to provide information, it is impossible to derive the correct information without resort to independently filed information. In the case of detarriffing, Petitioners would need to rely on some sort of certified correct public information in lieu of tariffs.

Moreover, competitive pressures are making carriers increasingly disinclined to reveal their "true" prices, even to groups such as TRAC. As pointed out in the Affidavit, more and more carriers are frequently resorting to the use of secret plans which have only been disclosed in the tariffs on file at the Commission. A growing number of low cost public calling plans are made available selectively and only to persistent customers seeking bargains and more information or threatening to switch to another carrier. This results in illegal rate discrimination for which individual complaint filings are simply impractical.

The Commission argued in its reconsideration that Section 208 complaints would be an adequate remedy for discrimination complaints. This is again an irrational concept as applied to mass market, individual residential customers. First, based on current illegal practices, it is clear that residential consumers do not have access to enough information to know if they are being discriminated against. As pointed out by the Commission in its Order, a rate discrimination complaint requires the consumer to offer proof that he/she is similarly situated with another ratepayer and deprived of the same rate or service. Without public disclosure, consumers will not be able to choose wisely and it is unlikely that those consumers with the "best deals" will inform those who don't have them. Second, the only persons who are likely to file complaints are sophisticated, affluent consumers with the time and wherewithal to make out a case. The biggest victims are poor consumers and it is unlikely that they will file complaints without significant assistance and encouragement. Third, if all consumers with \$20 to \$50 types of complaints were encouraged to file them and actually did so, the Commission would be swamped. It just doesn't make common sense for the Commission to rely upon the complaint process to remedy rate discrimination against residential customers.

B. The Commission's Decision Fails To Recognize An Inconsistency With Efforts To Deter Slamming.

The Commission's decision in this proceeding is in direct conflict with its efforts to reduce the exploding problem of slamming, the switching of long distance service without the informed consent of the consumer. Congress and the Commission have been struggling with the problem of slamming for years. Yet, as markets become more

competitive, slamming increases. Slamming, which itself is simply a form of consumer fraud, occurs whenever a customer has their account changed without their informed consent. While the early forms of slamming involved the simple act of misrepresentation by an IXC of a customers' expressed wish, the problem is evolving and now, increasingly, consumers are being misinformed or misled into switching for reasons that are false and deceptive.

We call to the Commission's attention the attached Summary of Key Findings from a survey (Attachment C) completed since this proceeding began and which suggests that slamming is a much larger problem than the Commission or Congress has imagined. Commissioned on behalf of the National Consumers League,⁵ this survey by Louis Harris and Associates shows that in the region covered by the survey, 30% of those surveyed either were slammed or knew someone who was slammed. An analysis of the numbers suggests that it is possible that 12% of those surveyed were actually slammed. If this were true of the population as a whole, the slamming problem is a magnitude of order greater than anyone ever imagined. We believe there is sufficient anecdotal information to suggest that indeed the problem is that bad.

Therefore, we believe the Commission must examine the relationship of its proposal to eliminate tariffs and voluntary disclosure and its impact on slamming. If no

⁵ The National Consumers League, founded in 1899, is America's pioneer consumer organization. NCL is a private, nonprofit membership organization dedicated to representing consumers on issues of concern including fraud, health care, fair labor standards, food and drug safety, and telecommunications. NCL's three-pronged approach of research, education, and advocacy has made it an effective representative and source of information for consumers and workers. For more information, call NCL at (202) 835-3323, or, to reach NCL's toll-free hotline, the National Fraud Information Center, call (800) 876-7060.

other action is taken, we believe the results of the Harris Survey and the other evidence available on the level of slamming support a decision by the Commission to further reconsider its decision.

We also point out that the Harris Survey has an additional finding that flies in the face of the Commission reconsideration decision. Specifically, the Commission found that consumers will have access to information concerning rates, terms and conditions from information provided by the carriers, the billing process and notification required by service contracts or state consumer protection laws. However, the survey shows that 71% of the adults find the information in the offers they receive from the carriers to be confusing. Most importantly, though, they believe that consumer advocacy groups would be the best source of unbiased, clear information about telecommunication products and services. Yet, by its actions, the Commission is making it nearly impossible for groups like the petitioners to provide such information on long distance services.

II. THE COMMISSION'S FAILURE TO CONSIDER PROPOSED ALTERNATIVES TO ELIMINATION OF THE INFORMATION DISCLOSURE REQUIREMENT IS ARBITRARY AND CAPRICIOUS

The Commission failed to adequately address the creative alternative proposals previously suggested by TRAC as alternatives to tariffs. The first idea would be for the Commission to specify a uniform disclosure model, and the information then would be made available over the Commission's internet site. The information could readily be

⁶ It is possible that state laws may be preempted on interstate services and the Federal Trade Commission does not have juridiction in this area. It is a grey area.

provided in html format for posting by Commission staff. Alternatively, each carrier could establish its own web page with a link set up on the FCC page. This is an innovative, non-burdensome way for carriers to educate consumers.

The second idea would be for the Commission to authorize the carriers to file their prices with an independent third party. That third party could then undertake the publication of the materials in appropriate formats. The third idea would be for the Commission to further increase consumer education by requiring carriers to file a "consumer education plan," which would help inform consumers on how best to select and purchase competitive telecommunications services. This effort would assist consumers by providing them with the information necessary to locate and evaluate comparative information for competitive services.

CONCLUSION

For these reasons, the Commission should reconsider its decision to eliminate the public information disclosure requirement. Information disclosure helps decrease consumer confusion and serves the public interest by ensuring that everyone has access to accurate information about their long distance carrier. The Commission's decision to detariff without providing for any means of sufficient public disclosure will increase consumer confusion and exacerbate the difficult and evolving problem of slamming and must be reversed. In addition, the Commission should address its failure to adopt TRAC's recommendations to implement creative, pro-consumer alternatives to tariffs such as posting and disclosing rates and conditions via the internet, and grant all other just and necessary relief.

Respectfully submitted,

Emmitt Carlton
Counsel to TRAC

Andrew Jay Schwartzman
Of Counsel
Consumer Action
Consumer Federation of America

December 4, 1997

I, Sheila Thompson, hereby certify that the foregoing comments of the Telecommunications Research and Action Center, Consumer Action and Consumer Federation of America were hand delivered to the following on the 4th of December, 1997:

William F. Caton Acting Secretary Federal Communications Commission 1919 M Street, NW Room 222 Washington, DC 20554

Chairman William Kennard Federal Communications Commission 1919 M Street, NW Room 814 Washington, DC 20554

Commissioner Susan Ness Federal Communications Commission 1919 M Street, NW Room 832 Washington, DC 20554

Commissioner Michael Powell Federal Communications Commission 1919 M Street, NW Room 844 Washington, DC 20554

Commissioner Gloria Tristani Federal Communications Commission 1919 M Street, NW Room 826 Washington, DC 20554

Commissioner Harold Furhtgott-Roth Federal Communications Commission 1919 M Street, NW Room 802 Washington, DC 20554

Mela Thompson
Sheila Thompson

ATTACHMENT A

In the UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

MCI TELECOMMUNICATIONS (ORPORATION)	
Perition	ier,)	
)	
v.)	Nos. 96-1459
)	and 96-1477
FEDERAL COMMUNICATIONS	COMMISSION)	(consolidated)
and)	
THE UNITED STATES OF AMER Respon	UCA, dents.	RECEIVED.	IAN 1 5 1000
		~ ~ . ('''''

RESPONSE IN SUPPORT OF MOTION FOR STAY PENDING JUDICIAL REVIEW

Intervenors Consumer Action, Consumer Federation of America ("CFA") and Telecommunications Research and Action Center ("TRAC") (collectively referred to herein as "Residential and Small Business Consumer Groups") respectfully submit this response in support of Petitioner MCI Telecommunications Corporation's Motion for Stay Pending Judicial Review and for Expedited Consideration and a Briefing Schedule, filed on January 6, 1997.

The large number of small consumers for whom Residential and Small Business Consumer Groups are acting will experience immediate and substantial harm if the FCC's so-called "detariffing" order is not stayed. The FCC's decision to prohibit long distance carriers from submitting tariffs makes it impossible to generate data which low volume customers can employ to identify and obtain the best rates for telecommunications services.

The Intervenors

Consumer Action is a San Francisco-based consumer education and advocacy organization that represents the interests of consumers, especially those who have low incomes and/or limited English-speaking skills. In recent years, it has devoted much of its resources to telecommunications issues at the state and federal level. It publishes and distributes long distance price surveys based on data obtained from interexchange carriers' tariffs.

CFA is the nation's largest consumer advocacy group, composed of over two hundred and forty state and local affiliates representing consumer, senior citizen, low-income, labor, farm, public power and cooperative organizations, with more than fifty million individual members.

TRAC is a non-profit tax exempt membership organization based in Washington, DC. It has represented its members and the public on many telecommunications policy issues, but its primary goal in recent years has been to promote the interests of residential and small business telecommunications consumers.

Statement in Support

Residential and Small Business Consumer Groups generally endorse MCI's legal arguments. These comments are directed at calling to the Commission's attention the significant and irreparable harm their members will suffer in the absence of a stay of the Commission's Second Report and Order, 61 FR 59340 (November 22, 1966). The substantial costs these citizens will incur strongly tips the balance of factors the Commission should consider in acting upon the stay request. Not only will no party be harmed by the grant of a stay maintaining the status quo, but the public interest will be greatly disserved if such relief is not granted.

MCI asserts and articulates the interests of interexchange carriers such as itself. Residential and Small Business Consumer Groups have a different stake in the outcome of this proceeding. As is set forth in comments and reply comments filed by consumer groups in this docket, TRAC employs the data provided in these tariffs to prepare *TELE-TIPS*TM comparison charts which it distributes to small business and residential consumers. (Attachment A.) These charts enable users to obtain the best and most cost-effective long distance services. Consumer Action

distributes similar information in its newsletter, Consumer Action News. (Attachment B.)

Charts such as those published by TRAC and Consumer Action, the best means for creating well-informed customers, cannot be created without publicity available price information. Hundreds of millions of individuals and small businesses are entirely dependent on such third party sources to make informed choices in purchasing long distance telecommunications services. While large and sophisticated corporate customers have the knowledge, resources and staff to negotiate and enforce purchase contracts, individuals and small businesses have little or no capability to bargain. Unavailability of price information in easily comparable formats will greatly exacerbate their disadvantaged position in the market. The inevitable inefficiencies and market distortions thus created will not only harm these customers² but the public interest as well.

Intervenor TRAC's experience in publishing its *TELE-TIPS*TM brochures demonstrates how the Commission's prohibition against tariffs will preclude the preparation of independently prepared comparison charts. TRAC first designs "calling baskets." These are lists of hypothetical telephone calls which are representative of common calling patterns, using variables such as time of day, distance and minutes used monthly. TRAC then attempts ascertain what a particular carrier would charge.

This is the point at which the importance of public availability of customer price information is essential.³ Even under traditional tariffing, analyzing these hypothetical telephone bills

¹Consumer Federation of America does not itself publish such data. However, a number of its member organizations do distribute material of this kind, and the individual members of its constituent consumer and labor organizations rely upon such information.

²The exact amount of the increased charges they will incur is, of course, incalculable. But even a small percentage of the tens of billions of dollars spent annually for long distance services amounts to hundreds of millions of dollars.

³For immediate purposes, there is little practical distinction between the two alternatives the Commission rejected in deciding to prohibit the filing of tariffs. Properly implemented, either mandatory or permissive tariffing could provide adequate data.

Thus, to assure accuracy, TRAC confirms its calculations with the carriers. While carriers often point to inaccuracies in computing the cost of their own services, their responses are sometimes self-serving by omission and commission. Thus, the more important part of the process is to identify mistakes in their *competitors*' claims.

As this experience demonstrates, small consumers simply cannot function in the marketplace without information of this kind. Individuals and small businesses cannot count on receiving reliable information, especially about discount plans. And even if they could, they have no
way to process this data on their own. Even groups like TRAC, which have the ability to try
to make sense out of the carriers' rate charts, cannot rely upon data unilaterally provided by a
particular carrier.

In prohibiting the filing of tariffs, the FCC assumes that the carriers will not be in a position to learn each others' prices. But carriers will always be able to do so, either by having employees pose as customers, obtaining data during negotiations with large customers, or by using the services of a relatively new group of companies which collect and analyze telephone bills to determine price and usage patterns. Such research is expensive even for examining large volume customers; it is prohibitively expensive for smaller callers, and far beyond the reach of groups like the Intervenors here. It most assuredly is information that carriers will use to advantage against customers unable to obtain it.

Nor has the Commission ameliorated the problem by its vague requirement (to be set out

⁴If, on the other hand, the FCC were right, and it can, indeed, keep carriers from determining their competitors' offerings, then groups like TRAC are even worse off, since they will have no way even to attempt to cross-check their calculations.

as 47 CFR §42.10) that carriers must make certain information available for public inspection. This provision hardly substitutes for having consistent and detailed information made readily available at a central location. Under its terms, even the largest carriers need only place incomplete information in inaccessible rural locations. Unlike analogous rules for broadcasters, there is no requirement that the information be made available in response to mail or telephone requests, or that carriers have any responsibilities to provide copies. While such disclosures must be "timely" made, there is no requirement that there be any announcement or disclosure of new or changed rates. Extremely frequent modifications have become common in recent years as competition has matured, and there will now be no announcement of those changes. Until the "timely" placement of such information in the single public inspection location becomes known, seemingly valid information will in fact be useless.

Finally, Residential and Small Business Consumer Groups and their members will be immediately harmed by the requirement that tariffs be replaced by contracts. The fact that these will be one-sided arrangements which the carriers will be able to modify at will leaves small users no worse off than they were under the so-called "filed rate doctrine" discussed in ¶52-60 of the Second Report and Order. Individuals and small businesses will likely now receive bills containing thousands of words of faintly printed small type on the back creating contracts of adhesion binding anyone who dials so much as a single phone call. A similar fate awaits "casual callers"

The new rule provides in pertinent part that carriers must make available "in at least one location,...information concerning its current rates, terms and conditions for...services. Such information shall be made available in an easy to understand format and in a timely manner. When responding to an inquiry,...a carrier shall specify that such information is available and the manner in which the public may obtain the information."

^{6&}quot;Concerning" is hardly the same as "completely describing."

⁷See 47 CFR §73.3526(f). This provision requires, *inter alia*, that broadcast licensees must keep their public files in an accessible location, and that copies made in response to mail or oral requests be provided at reasonable cost.

callers" who, presumably, must negotiate the terms of their agreement with their carrier every time they use a pay phone.

Although supporters of detariffing have claimed that the now mooted "filed rate doctrine" has immunized carriers from liability for abuses, the fact is that tariffs can be analyzed and establish a standard against which carriers' conduct can be judged, and as to which straightforward challenges are available for violations. Moreover, despite the Commission's uncharacteristic reticence to invoke its "Chevron discretion" in interpreting the Communications Act broadly, see Second Report and Order, ¶60,3 it is quite likely that the Commission would prevail if it were to invalidate the filed rate doctrine as part of a permissive detariffing provision.

Conclusion

WHEREFORE, this Court should grant Petitioner MCI Telecommunications Corporation's Motion for Stay Pending Judicial Review and for Expedited Consideration and a Briefing Schedule, and grant all such other relief as is just and proper.

Respectfully submitted,

Andrew Jay Schwartzman

Media Access Project

Suite 400

1707 L Street, NW

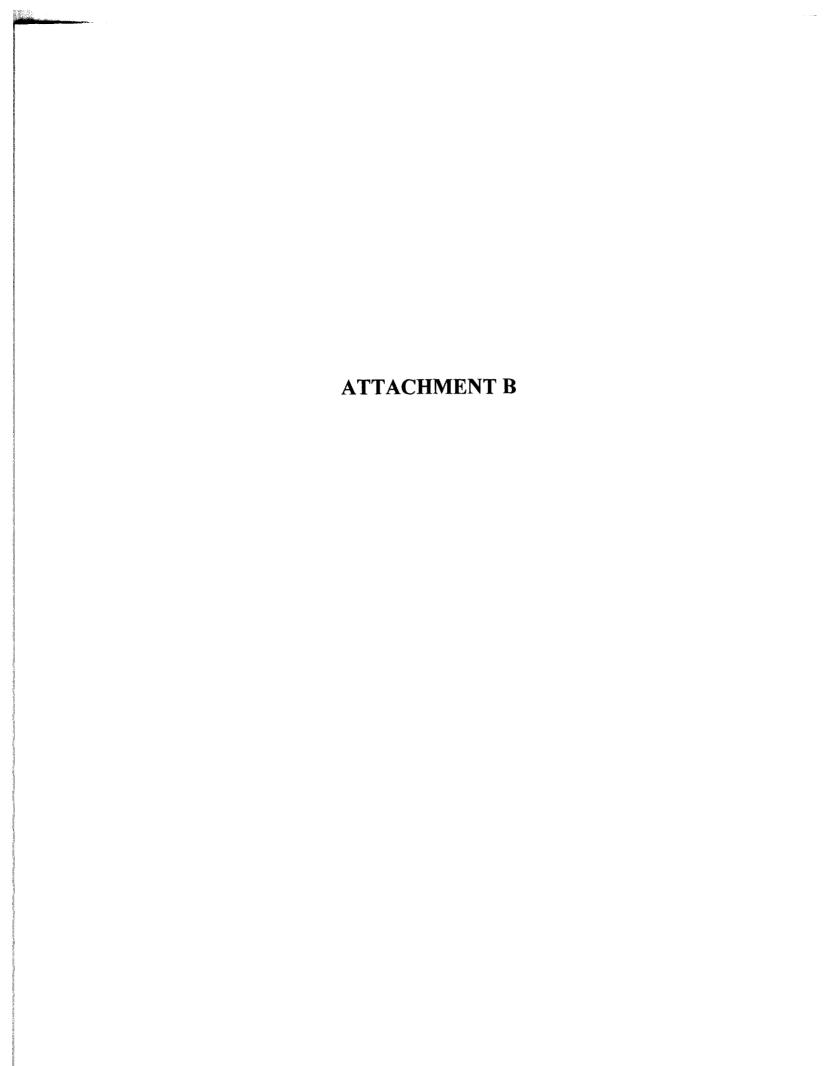
Washington, DC 20036

(202) 232-4300

Counsel for Residential and Small Business Consumer Groups

January 13, 1997

^{8&}quot;[P]ermissive detariffing...would not necessarily eliminate..the 'filed rate' doctrine....Thus, it is possible that...Section 203(c) may require the carrier to provide service....set forth in the tariff....[I]t is not entirely clear how courts would apply the filed rate doctrine....We believe that only with a complete detariffing regime,...can we definitively eliminate these...practices...."



DECLARATION OF GEOFFREY T. MORDOCK

I, Geoffrey T. Mordock, declare the following:

- Telecommunications Research and Action Center (TRAC) is a non-profit, consumer group that promotes the interests of residential and small business telecommunications customers. TRAC's address is P.O. Box 27279, Washington, DC 20005.
- 2. TRAC publishes Tele-TipsTM, a long distance rate comparison chart, four times a year, twice for residential service and twice for business service (Exhibit 1). TRAC has been publishing Tele-TipsTM since 1984. The goal of Tele-TipsTM is to provide consumers with a tool to use in making informed decisions regarding their long distance options.
- 3. TRAC depends on accurate information provided by the Inter Exchange Carriers (IXCs) as well as tariffs filed at the FCC for correct verification. Information is also verified through calls to the customer service departments at the IXCs.
- 4. I am a staff associate at TRAC with responsibility for researching and producing the content in Tele-Tips™ (the Chart). I was responsible for producing the information in the 34th edition of the chart published in September 1997. The work associated with preparing the September chart actually began in July of 1997. The comments and observations in this declaration are based on my direct personal actions and observations during this time period.
- 5. TRAC relies heavily on the cooperation of the IXCs in producing Tele-Tips™. We consult with the carriers with each edition and seek their input with respect to methodology, style and content. TRAC, however, maintains complete and absolute discretion over the final editorial decisions.
- 6. I have found all of the companies that participate in Tele-TipsTM to be helpful. The purpose of this Declaration is not to criticize or denigrate the good faith efforts of the carriers in helping assure that Tele-TipsTM is published with good information.
- 7. In my dealings with the IXCs between July 1, 1997, and September 23, 1997, I have found it exceptionally difficult to get accurate information for use in the chart from the designated company representatives identified to work with TRAC, or from normal business office personnel, or from literature made available by the IXCs for public consumption. I found that the rates and services being offered by all of the companies to be so complicated that even their own personnel were not able to assure the accuracy of the information they provided and that often the information was incorrect.
- 8. I also found that there are a growing number of secret, lower cost calling plans and rates offered by the IXCs that were not advertised nor readily available to the public.

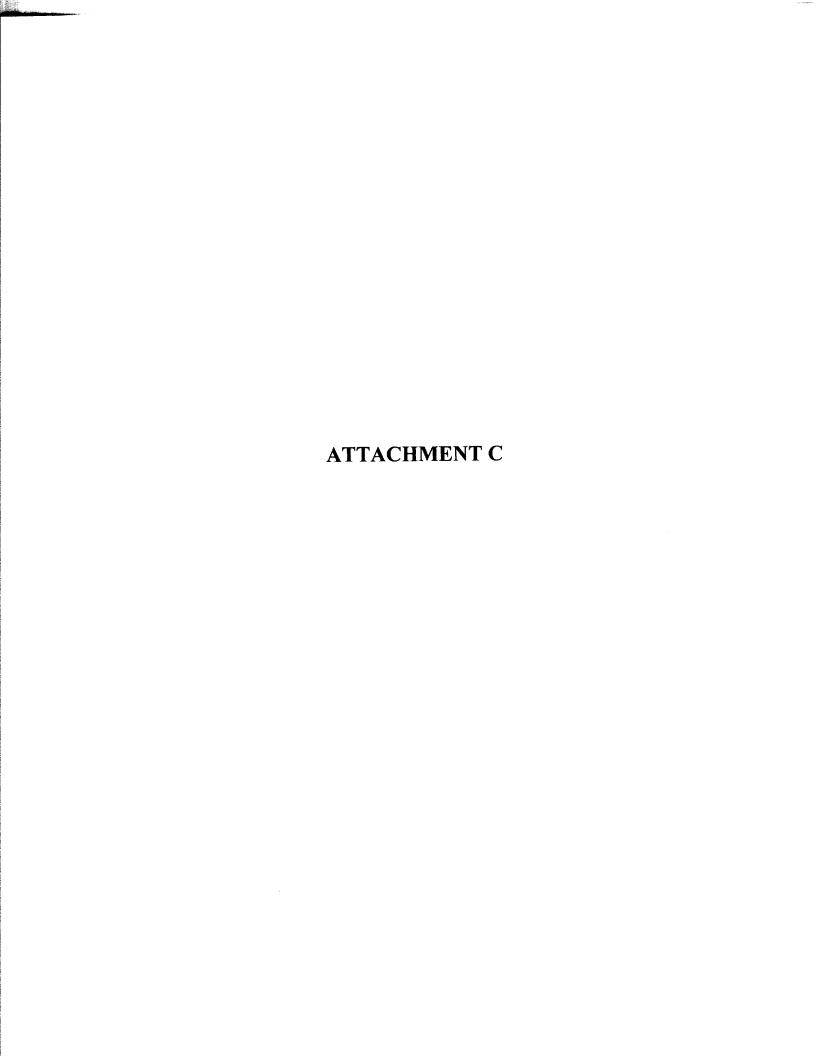
It was difficult for TRAC to get information on all of the plans that were in fact available from each carrier. Instead, they attempted to limit information only to those plans they wanted to promote at the time, even though less expensive plans were available to customers. A growing number of low cost public calling plans are made available selectively and only to persistent customers seeking bargains and more information or threatening to switch to another carrier. Often, I found that the IXC representatives will hesitate or be unable to disclose information about rates and plans that could only be obtained via files at the FCC.

- 9. I found that rate and service information provided by either the public relations department or tariff reporting department to be inconsistent at times with the information obtained by the customer service department, and vice-versa.
- 10. For example, one company operations representative submitted information that contradicted the information provided by a customer service representative. Initially, I was provided with information that reflected a higher long distance directory assistance fee. When I called to confirm this with customer service at two different times, I was told that it was a lower rate.
- 11. In another case, a company was offering two variations of the same calling plan. A newer variation allowed customers to get bigger savings with lower monthly thresholds. According to one customer operations representative, I was on the "old," higher threshold plan and it would be simple to change to the "new" plan by calling customer service. Yet, one customer service representative told me that I could only switch by closing my old account and opening a new one. On another attempt, a different customer representative told me emphatically that I could not change to the lower threshold, even if I closed the old account and reopened it again.
- 12. I also found that one of the carriers intentionally withheld information that would have changed the standing of that carrier in the chart. The company representative knew that its lowest cost plan used in Tele-TipsTM was going to be canceled the week after the TRAC chart was to be published. The company representative with whom I was dealing commented later when confronted by me in a telephone call that "I knew you would be angry."
- 13. In getting the information for Tele-Tips™, I provide a template of calls for the carriers to price. We then assemble the information and distribute the completed draft chart to the carriers for verification and ask the carriers to check their competitors. I found the process to be very contentious, with often strong disputes between the carriers over the other's rates. The <u>only</u> method I have for resolving these disputes is through independent verification with tariff information. When I used information supplied by the carriers, it was often wrong or self-serving and was not satisfactory proof for the competing carriers in the chart.
- 14. Services like Tele-Tips[™] can be much more effective if organizations like TRAC, as well as individual consumers, can obtain access to up-to-date truthful rate information provided in a comparable and usable format. There are many ways in which this can

be accomplished, and an increasing number of consumers and consumer groups could use the Internet for this purpose.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on December 4, 1997.

Geoffrey T. Mordock



Telephone Competition: A Study of Three Markets

Conducted for:

The National Consumers League

Fieldwork:

September, 1997

Project Directors:

David Krane, Executive Vice President

Robert Spanski, Vice President

Lisa Wickham, Research Associate

Louis Harris and Associates

111 5th Avenue

New York, NY 10003